

# ***National Credit Union Administration***



## ***Operating Fund***

***Unaudited Financial Highlights  
December 31, 2005***

**Dennis Winans  
Chief Financial Officer**

***National Credit Union Administration Operating Fund***  
***Unaudited Financial Highlights***  
***December 31, 2005***

**Balance Sheet**

Overnight Investments decreased \$4.1 million for payment of operating expenses.

Accounts Receivable increased \$532,000 representing employee relocation advances and receivables for administrative expenses allocable to the Share Insurance Fund.

Property, Plant, and Equipment increased \$547,000, net of depreciation and amortization, due to acquisitions of computer equipment and internal use software.

Accounts Payable increased \$1,877,000 due to timing differences of vendor invoice receipts and vendor payments.

Accrued Employee Compensation increased \$400,000 on due to the accrual for 15 days at the end of December versus 13 days in the previous month. On the first working day of the month, accruals are reversed.

Other Current Liabilities decreased \$5,159,000 as a result of deferred income being recognized evenly over the calendar period.

**Statement of Revenue and Expenses**

Net income for the month was \$165,000 higher than planned primarily due to revenues being higher as a result of earning higher interest rates on overnight investments. Expenses also increase above budget due to the travel bonus employee benefit, employee travel, and consulting services related to the distribution of new computers to staff and state supervisory authorities in early 2006. Increases in revenues above amounts budgeted were more than increases in expenses.

**Statement of Cash Flow**

Cash decreased by \$4.1 million for the month, reflecting payment of operating expenses and fixed assets.

**Budget (Year-to-Date)**

Agency spending was under budget by \$9.7 million or 6.6 percent. Pay, benefits and travel were under budget by 6.9 percent. The remaining variance of \$1.1 million (net) was derived mainly from administrative and contracted services.

**Vacancies**

The agency had 33 vacancies as of December 31 -- up 4 from November 26. Of the 33 vacancies, there were 24 vacancies in the central office, 5 vacancies in the regional offices and AMAC, and 4 vacancies in the field staff. The 33 vacancies represent 3.4 percent of total authorized staff of 960.97.

**National Credit Union Administration Operating Fund**  
**Balance Sheets & Changes in Fund Balance**  
**December 31, 2005**

	December 2004	November 2005	December 2005
<b>ASSETS</b>			
<b>ASSETS:</b>			
Current Assets			
Cash	\$5,802.67	\$5,830.88	\$5,343.89
Overnight Investments	18,221,000.00	31,187,000.00	27,110,000.00
Accounts Receivable	827,562.05	634,478.67	1,166,585.82
Interest Receivable	0.00	0.00	2,605.57
Prepaid Expenses	588,007.10	473,320.43	403,863.53
Home Purchase Program	118,098.16	281,564.13	275,841.61
Other	0.00	0.00	0.00
<i>Total Current Assets</i>	<u>19,760,469.98</u>	<u>32,582,194.11</u>	<u>28,964,240.42</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	28,561,321.00	27,759,332.00	27,686,422.00
Capital Lease	1,332,575.83	419,618.75	334,221.13
Equipment	2,153,566.09	2,526,329.09	3,232,102.09
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>35,993,726.87</u>	<u>34,651,543.79</u>	<u>35,199,009.17</u>
<b>TOTAL ASSETS</b>	<u><u>55,754,196.85</u></u>	<u><u>67,233,737.90</u></u>	<u><u>64,163,249.59</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable	2,318,579.47	2,514,878.94	4,392,127.88
Accrued Employee Compensation	11,960,787.24	16,111,778.99	16,511,805.70
Other Current Liabilities	61,358.00	5,214,368.19	55,432.59
<i>Total Current Liabilities</i>	<u>14,340,724.71</u>	<u>23,841,026.12</u>	<u>20,959,366.17</u>
Non-Current Liabilities			
Notes Payable	25,142,578.89	23,913,386.20	23,801,641.41
Other	1,336,269.30	482,601.03	482,145.83
<i>Total Non-Current Liabilities</i>	<u>26,478,848.19</u>	<u>24,395,987.23</u>	<u>24,283,787.24</u>
<b>TOTAL LIABILITIES</b>	<u><u>40,819,572.90</u></u>	<u><u>48,237,013.35</u></u>	<u><u>45,243,153.41</u></u>
<b>FUND BALANCE:</b>			
Beginning Balance	17,246,526.20	14,934,623.95	14,934,623.95
Current Year Earnings	(2,311,902.25)	4,062,100.60	3,985,472.00
<b>TOTAL FUND BALANCE</b>	<u><u>14,934,623.95</u></u>	<u><u>18,996,724.55</u></u>	<u><u>18,920,095.95</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$55,754,196.85</u></u>	<u><u>\$67,233,737.90</u></u>	<u><u>\$64,163,249.36</u></u>

**National Credit Union Administration Operating Fund**  
**Statement of Revenue & Expenses**  
**December 31, 2005**

	December 2005 Monthly Actual	December 2005 Monthly Budget	December 2005 Year-To-Date Actual	December 2005 Year-To-Date Budget	December 2004 Year-To-Date Actual
<b>REVENUE:</b>					
Interest Income	\$114,842.80	\$41,666.67	\$1,331,952.10	\$500,000.00	\$581,047.83
Program-related Income	5,158,899.08	5,067,500.00	61,977,646.21	60,810,000.00	50,713,439.13
Other Income	7,760.50	12,500.00	145,658.38	150,000.00	80,602.34
Total Revenue	<u>5,281,502.38</u>	<u>5,121,666.67</u>	<u>63,455,256.69</u>	<u>61,460,000.00</u>	<u>51,375,089.30</u>
<b>EXPENSES:</b>					
Employee Pay	2,782,994.51	3,250,771.60	35,671,853.26	38,428,530.87	32,726,701.03
Employee Benefits	1,010,985.10	839,661.35	9,394,476.60	9,930,284.61	8,411,819.99
Employee Travel	626,542.64	459,343.79	5,086,593.98	5,512,125.67	4,586,261.86
Rent/Communications/Utilities	157,745.32	140,828.60	1,688,811.98	1,689,942.92	1,706,709.52
Administrative Costs	201,624.50	376,191.49	4,843,720.88	4,514,298.14	3,683,208.02
Contracted Services	578,238.68	296,929.95	2,784,327.76	3,563,159.66	2,572,291.13
Total Expenses	<u>5,358,130.75</u>	<u>5,363,726.78</u>	<u>59,469,784.46</u>	<u>63,638,341.87</u>	<u>53,686,991.55</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>(\$76,628.37)</u>	<u>(\$242,060.11)</u>	<u>\$3,985,472.23</u>	<u>(\$2,178,341.87)</u>	<u>(\$2,311,902.25)</u>

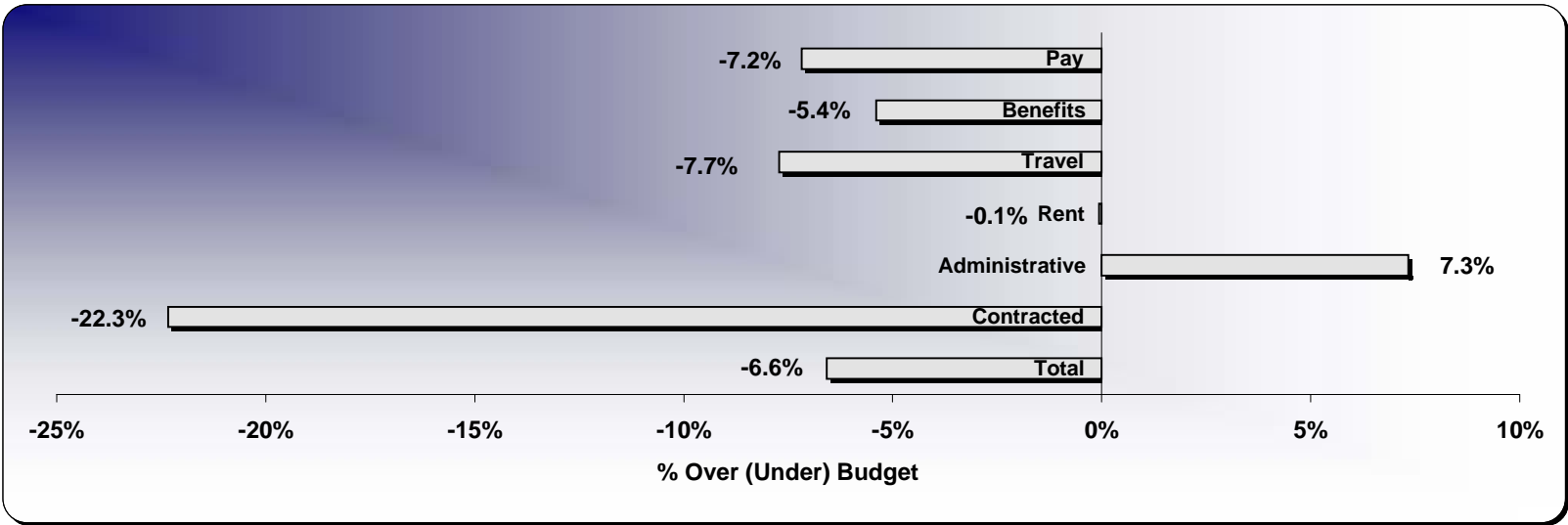
**National Credit Union Administration Operating Fund**  
**Statement of Cash Flow**  
**December 31, 2005**

	Month December 2004	Month December 2005	Y-T-D December 2004	Y-T-D December 2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Income from operating fees	(\$8,999,490.27)	\$10,250.56	\$50,876,604.68	\$61,961,494.31
Interest received from cash and cash equivalents	53,599.50	114,842.80	581,047.83	1,331,952.10
Other income received	2,405.50	7,760.50	80,602.34	145,658.38
(Cash paid for operating expenses)	(7,621,761.90)	(3,246,324.38)	(52,775,218.87)	(48,949,663.62)
<b>Net cash (used) provided by operating activities:</b>	<b>(16,565,247.17)</b>	<b>(3,113,470.52)</b>	<b>(1,236,964.02)</b>	<b>14,489,441.17</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds (purchases) of fixed assets	(543,735.85)	(855,520.73)	(1,878,679.66)	(2,511,423.62)
Proceeds (purchases) home purchase program	471,521.91	5,722.52	(220,966.02)	(260,254.61)
<b>Net cash (used) in investing activities</b>	<b>(72,213.94)</b>	<b>(849,798.21)</b>	<b>(2,099,645.68)</b>	<b>(2,771,678.23)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(1,340,937.48)	(1,340,937.48)
(Capital lease payments)	(2,783.87)	(2,473.47)	(1,546,129.77)	(1,488,284.24)
<b>Net cash (used) in financing activities</b>	<b>(114,528.66)</b>	<b>(114,218.26)</b>	<b>(2,887,067.25)</b>	<b>(2,829,221.72)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(16,751,989.77)</b>	<b>(4,077,486.99)</b>	<b>(6,223,676.95)</b>	<b>8,888,541.22</b>
Cash and cash equivalents at beginning of period	34,978,792.44	31,192,830.88	24,450,479.62	18,226,802.67
<b>Cash and cash equivalents at end of period</b>	<b>\$18,226,802.67</b>	<b>\$27,115,343.89</b>	<b>\$18,226,802.67</b>	<b>\$27,115,343.89</b>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
<b>Net income (loss)</b>	<b>(\$33,311.93)</b>	<b>(\$76,628.37)</b>	<b>(\$2,311,902.25)</b>	<b>\$3,985,472.23</b>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization	221,537.85	308,055.35	2,068,769.38	3,339,042.14
Unrealized (gain) loss	11,475.09	0.00	11,475.09	87,640.02
(Gain) loss on disposal of fixed assets	18,581.57	0.00	41,112.57	1,839.00
(Gain) loss on disposal of homes	44,460.45	0.00	102,867.86	14,871.14
Interest expense on leases	4,908.42	539.00	82,964.11	20,758.79
Miscellaneous allowances	(140,700.17)	0.00	91,603.36	102.69
<b>Change in current assets and liabilities</b>				
(Increase) decrease in assets:				
SIF repayment of Operating Fund for leases	0.00	0.00	423,494.12	423,494.12
Accounts receivable	(385,292.00)	(532,107.15)	1,613,597.15	(339,023.77)
Interest receivable	0.00	(2,605.57)	583.97	(2,605.57)
Prepaid expenses	(87,296.42)	69,456.90	(320,789.42)	184,143.57
Other assets	125,869.06	0.00	(0.00)	0.00
Increase (decrease) in liabilities:				
Accounts payable	(8,260,108.17)	1,877,248.94	(133,120.87)	2,073,548.41
Accrued employee compensation	(2,988,957.45)	400,026.71	(3,758,809.18)	4,551,018.46
Other non current liabilities	84,576.55	1,479.27	656,623.14	155,065.35
Other current liabilities	(5,180,990.02)	(5,158,935.60)	194,566.95	(5,925.41)
<b>Total adjustments</b>	<b>(16,531,935.24)</b>	<b>(3,036,842.15)</b>	<b>1,074,938.23</b>	<b>10,503,968.94</b>
<b>Net cash (used) provided by operating activities</b>	<b>(\$16,565,247.17)</b>	<b>(\$3,113,470.52)</b>	<b>(\$1,236,964.02)</b>	<b>\$14,489,441.17</b>

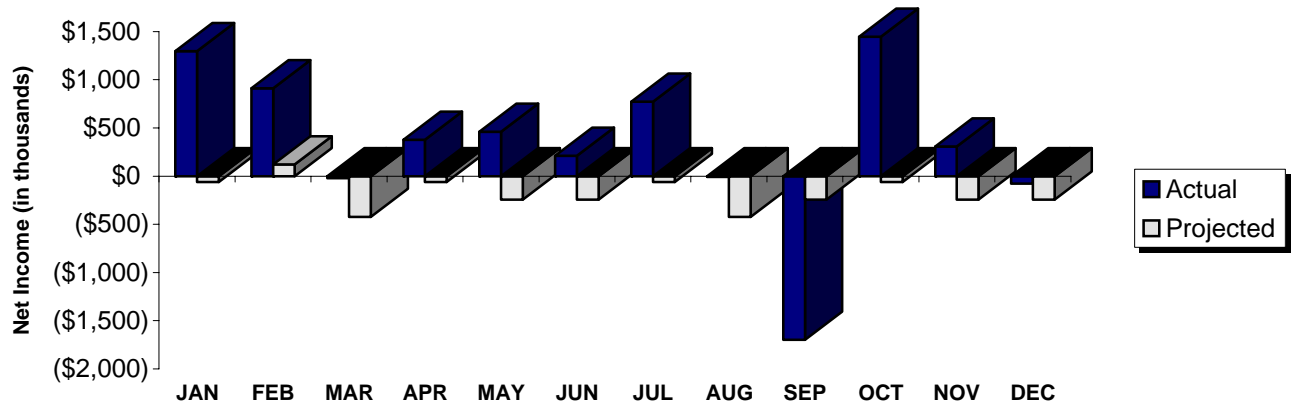
**National Credit Union Administration Operating Fund**  
**(Before Overhead Transfer)**  
**Year-To-Date Budget Report Analysis**  
**December 31, 2005**

	2005				2004			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
<b>Employee Pay</b>	89,368,677	82,957,798	(6,410,878)	-7.2%	88,519,420	81,409,704	(7,109,716)	-8.0%
<b>Benefits</b>	23,093,685	21,847,620	(1,246,065)	-5.4%	22,631,933	20,921,175	(1,710,758)	-7.6%
<b>Travel</b>	12,818,897	11,829,288	(989,609)	-7.7%	13,492,175	11,408,612	(2,083,564)	-15.4%
<b>Rent, Communications, &amp; Utilities</b>	3,930,100	3,927,470	(2,630)	-0.1%	4,445,363	4,247,218	(198,145)	-4.5%
<b>Administrative</b>	10,498,368	11,267,907	769,540	7.3%	12,655,451	9,163,258	(3,492,193)	-27.6%
<b>Contracted Services</b>	8,286,418	6,435,220	(1,851,198)	-22.3%	8,183,250	6,380,409	(1,802,841)	-22.0%
<b>TOTAL</b>	147,996,144	138,265,303	(9,730,841)	-6.6%	149,927,592	133,530,376	(16,397,216)	-10.9%

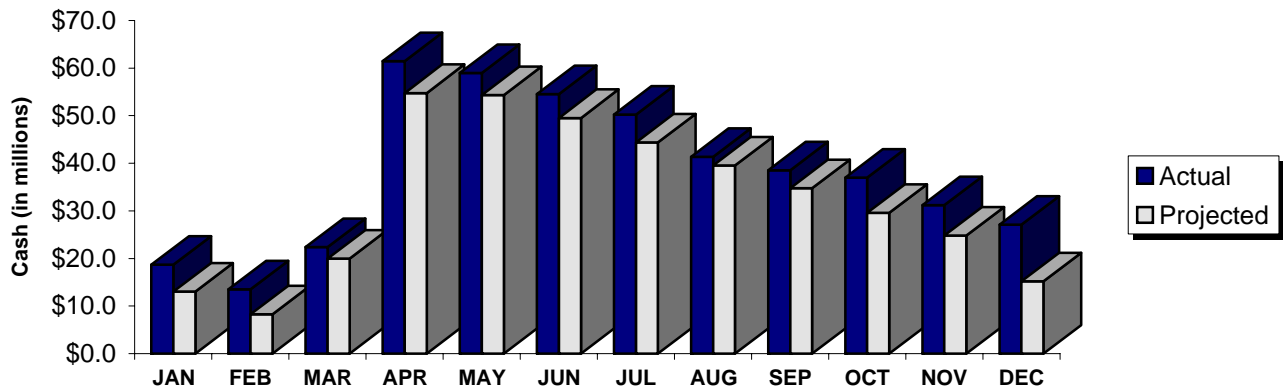
**Percent Over (Under) Budget**  
**December 31, 2005**



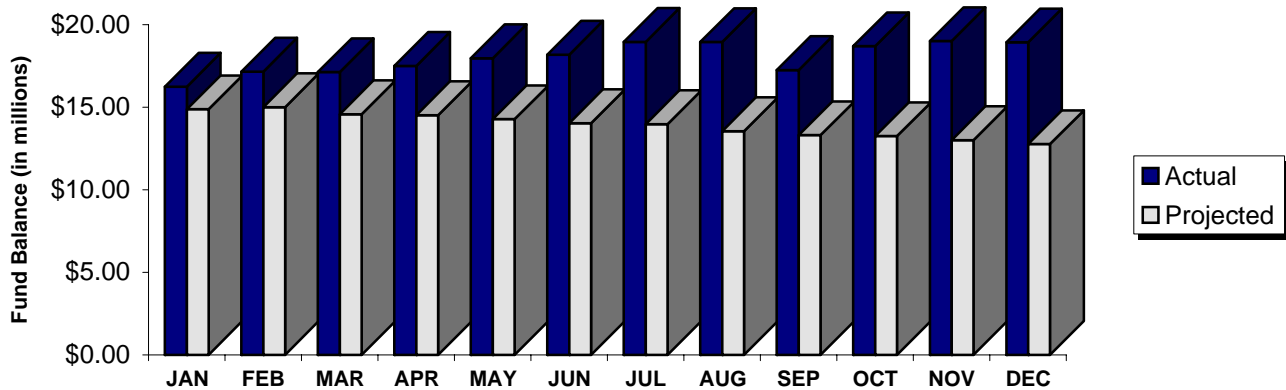
### Actual & Projected Net Income (2005)



### Actual & Projected Cash Balance (2005)



### Actual & Projected Fund Balance (2005)



***National Credit Union Administration Operating Fund***  
***Ratios***  
***December 31, 2005***

<b>BALANCE SHEET</b>	<b>December 2004</b>	<b>December 2005</b>
Liquid assets / Total assets	32.69%	42.26%
Current assets / Total assets	35.44%	45.14%
Fixed assets / Total assets	64.56%	54.86%
Current liabilities / Total assets	25.72%	32.67%
Non current liabilities / Total assets	47.49%	37.85%
Retained Earnings / Total assets	26.79%	29.49%
<b>STATEMENT OF REVENUE &amp; EXPENSE</b>		
YTD Interest & other income / Total revenue	1.29%	2.33%
YTD Program related income / Total revenue	98.71%	97.67%
YTD Expenses / Total revenue	104.50%	93.72%
YTD Net income / Total revenue	-4.50%	6.28%
<b>CASH</b>		
Net year to date cash inflow (outflow) in millions of dollars	(\$6.2)	\$8.9
Cash end of month - Cash beginning of year / Cash BOY	-25.5%	48.8%
Cash and cash equivalents / Total assets	32.7%	42.3%